



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Michael for Maryland
Belinda Cook, Treasurer
10637 Campus Way South
Annapolis, Maryland 20774

January 3, 2011

RE: MUR 6447
Michael for Maryland and
Belinda Cook, in her official
capacity as Treasurer

Dear Ms. Cook:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission (the "Commission") became aware of information suggesting Michael for Maryland and you, in your official capacity as Treasurer ("Committee"), may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On December 14, 2010, the Commission found reason to believe that the Committee violated 2 U.S.C. § 441i(e)(1)(A), a provision of the Act, and 11 C.F.R. § 110.3(d), a Commission regulation. Enclosed is the Factual and Legal Analysis that sets forth the basis for the Commission's determination.

We have also enclosed a brief description of the Commission's procedures for handling possible violations of the Act. In addition, please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519. In the meantime, this matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

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We look forward to your response.

On behalf of the Commission,



Cynthia L. Bauerly
Chair

cc: Belinda Cook
113 Remington Court
Centreville, Maryland 21617

Enclosures
Factual and Legal Analysis

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Michael for Maryland and
Belinda Cook, in her official capacity as treasurer MUR: 6447

I. GENERATION OF MATTER

This matter was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2).

II. FACTUAL AND LEGAL ANALYSIS

A. Factual Background

In 2006, Michael Steele was a Senate candidate in the Maryland Primary and General Elections and the Lieutenant Governor of Maryland. Steele for Maryland, Inc. and Elisabeth S. Rubin, treasurer ("Federal Committee"), was his authorized federal campaign committee while Michael for Maryland and Belinda Cook, treasurer ("State Committee") was his authorized state campaign committee.

Paul Ellington was Steele's chief of staff in the lieutenant governor's office and worked on Steele's Senate election since the exploratory phase by helping Steele choose a campaign manager and consulting firm, interacting with volunteers, and providing input on which interviews Steele should give. Ellington also was involved in campaign strategy and traveled with Steele on fundraising trips.

Belinda Cook is a long-time personal assistant to Steele and also worked on his Senate campaign in various roles.

During the 2006 Senate campaign, Steele's State Committee paid for services incurred by Steele's Federal Committee. Specifically, two printing shops, Form Masters and GOP Shoppe, produced promotional materials such as yard signs, buttons, bumper stickers, and mailings for Steele's 2006 Senate campaign. On or about February 17, 2007, the State Committee paid GOP Shoppe \$29,973.30. See <http://mdelections.org/campaign-finance/advanced-search/expenditures?acctno=A3317>. On April 18, 2007, the State Committee paid Form Masters \$7,707. See <http://mdelections.org/campaign-finance/advanced-search/expenditures?acctno=A3317>. In March 2009, the Federal Committee paid the vendors, the vendors reimbursed the State Committee, and the Federal Committee amended seven affected disclosure reports to show that the Federal Committee had outstanding debts to the vendors and that the Federal Committee ultimately paid the vendors.

B. Legal Analysis

The Federal Election Campaign Act of 1971, as amended ("the Act"), prohibits federal candidates and officeholders, or entities directly or indirectly established, financed, maintained or controlled by them, from soliciting, receiving, directing, transferring or spending funds in connection with a Federal election unless the funds are subject to the limitations, prohibitions and reporting requirements of the Act. 2 U.S.C. § 441i(e)(1)(A). Further, Commission regulations provide, in material part, that transfers of funds or assets from a candidate's non-federal campaign committee to his or her principal campaign committee for a federal election are prohibited. See 11 C.F.R. § 110.3(d). Maryland law permits state political committees to accept contributions from corporations, see MD. CODE ANN., ELEC. LAW § 13-226 (2010), and the State Committee's reports disclose the receipt of contributions from them. Thus, if State Committee funds were used to pay federal campaign expenses, the Federal Committee would have received

prohibited in-kind contributions from the State Committee, in violation of 2 U.S.C.

§ 441i(e)(1)(A) and 11 C.F.R. § 110.3(d).

The Federal Committee had the State Committee pay debts owed to Form Masters and GOP Shoppe, two vendors who provided services to the Federal Committee. The Federal Committee does not deny that the State Committee paid the Federal Committee's bills. The Federal Committee and State Committee spent \$37,680.30 in connection with a federal election with funds that were not subject to the limitations, prohibitions, and reporting requirements of the Act.

Therefore, the Commission has determined to find reason to believe that Michael for Maryland and Belinda Cook, in her official capacity as treasurer, violated 2 U.S.C.

§ 441i(e)(1)(A) and 11 C.F.R. § 110.3(d).